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RUEHNE/AMEMBASSY NEW DELHI PRIORITY 1472
RUEHCI/AMCONSUL KOLKATA PRIORITY 3487
RUCNDT/USMISSION USUN NEW YORK PRIORITY 2688
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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 001008

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SUBJECT: NEPAL: NEW PEACE MINISTER STARTING TO MAKE PROGRESS

REF: KATHMANDU 973

Classified By: Ambassador James F. Moriarty. Reasons 1.4 (b/d)

Summary

1. (C) USAID-contracted peace facilitator Hannes Siebert told the Ambassador May 18 that Peace and Reconstruction Minister Ram Chandra Poudel was getting things done. Under his leadership, the Government of Nepal (GON) was finally starting to come to grips, most importantly, with conditions in the Maoist People's Liberation Army cantonments. The GON, Siebert said, was operating under the assumption that approximately half of 31,000 UN-registered Maoist "combatants" would remain in the camps and need more permanent housing. The other half, consisting of new recruits and minors, would be required to leave when UN arms monitors began verification, the second, more intrusive phase of arms management. Siebert also announced that the Interim Cabinet, including the Maoists, had approved the idea of district-level peace councils.

Peace Ministry Taking Shape; Poudel Active

2. (C) On May 18, Hannes Siebert, the USAID-contracted peace facilitator, told the Ambassador that Peace and Reconstruction Minister Ram Chandra Poudel was still testing out what role his ministry, which was formerly a Secretariat in the Prime Minister's Office, was going to play in the Government of Nepal (GON). But the good news was that he was making progress. The Interim Cabinet had approved summary terms of reference for the Peace Ministry and a 50-member steering committee was being established. Poudel, Siebert stated, was taking his mandate to lead talks with the agitating groups (other than the Maoists) very seriously. He was in various talks nearly every day with Madhesis, Janjatis, Dalits and women. USAID Mission Director Don Clark noted that women's leaders, for example, had expressed appreciation for Poudel's engagement. Siebert remarked that previously many peace issues, including all the various commissions mandated by the peace agreements, had fallen through the cracks. Poudel was picking up those issues and making decisions.

Coming to Grips With Cantonments

13. (C) Siebert cited the situation in the UN-monitored Maoist People's Liberation Army cantonments. Within the previous two weeks, Poudel had worked with the Finance Ministry and the Maoists to set up a system which would allow the Peace Ministry to respond rapidly to immediate infrastructure and assistance needs for the camps. A taskforce was being formed. The peace facilitator anticipated that this would result soon in metal sheeting and other basic building materials arriving in the camps. The GON was operating on the assumption, based on Maoist estimates, that it would need to arrange more permanent housing in the cantonments for approximately 15,000 of the 31,000 registered combatants. The other half, consisting of new recruits and minors, would be required to leave when UN arms monitors began verification, the second, more intrusive phase of arms management. In response to the Ambassador's concern that the Maoists -- specifically, Minister for Physical Planning and Works Hisila Yami -- would divert monies for the camps to the party, Siebert said Poudel intended to keep overall control. What the Peace Minister was doing was outsourcing the delivery of services -- water, health, etc. -- to the relevant ministries.

Local Peace Councils Approved

14. (C) Siebert also announced that the Interim Cabinet, including the Maoists, had finally approved establishing local peace councils. Details were still being worked out, but it was important that the councils have clear powers and legal status. The idea, he stated, was to pilot the councils

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in 10 of Nepal's 75 districts. At present, only the United States and the UN Development Program, among the donors, had indicated willingness to fund the councils. Siebert's colleague Retief Olivier told Emboff after the meeting that the goal was to get at least some of the councils up and running within six weeks.

Comment

15. (C) Prior to April 1 Home Minister Sitaula was in charge of all peace matters. Elevating the Peace Secretariat to a ministry and putting Prime Minister Koirala's governmental and party heir apparent Ram Chandra Poudel in charge is certainly an improvement over that situation. Poudel does seem eager to move the process forward. The path will not be easy. A 50-member steering committee for the ministry could easily gum up the works. More importantly, the Peace Minister is a Nepali Congress hardliner who has poor relations with the Maoists (and is not very popular with the Indians -- although we are not really sure why). With Sitaula having retained the key portfolio of negotiating with the Maoists, Poudel's ability to deal effectively with agitating groups and to push for implementation of GON-Maoist peace commitments is handicapped. If May 21 press reports are true, Prime Minister Koirala agreed May 20 to give the task and the money for building housing for Maoist combatants to Maoist Minister Yami, further undercutting Poudel's authority. We certainly wish him well.
MORIARTY